

**MINUTES OF MEETING OF BOARD OF TRUSTEES OF THE
CITY OF NEWPORT NEWS EMPLOYEES' RETIREMENT FUND**

February 23, 2023

EDA Board Room, 3rd Floor

City Center

9:00 a.m.

Roll Call: JoAnn Armstrong (X), Tom Brooks (X), William Donaldson (X),
Travis Fisher (X), Eddie Harrah (X), Derry Haywood (X),
Lars Lassen (X), Andrew Pribush (X), James Young (X)

Lynn Spratley (X), Marty Eubank (E), Bill Keeler (X),
Shanti Mullen (X), Susan Goodwin (X), Virginia Saunders (X),
Brian Sypolt (X), Teresa Tornari (X)

Others Present: Retirees (3)

1. Call to Order

Mr. Fisher called the Retirement Board meeting to order at 9:00 a.m. on February 23, 2023.

2. Minutes of the Meeting of January 26, 2023:

Approved Upon motion duly made and seconded, the minutes of the January 26, 2023 meeting were unanimously approved.

3. Committee on Investments:

a. Funds Review – January 31, 2022 Financials:

Mr. Lassen noted the Fund gained approximately 4.1% net of fees in January.

<i>Pension</i>	\$ 1,015,005,507
<i>Post Retirement</i>	<u>44,398,840</u>
	\$ 1,059,404,347

<i>LODA</i>	\$ 3,338,373
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b. January Market Update:

Mr. Lassen informed the Board that Meketa reviewed the January market conditions and performance with the Committee. He noted that major equity and bond markets rallied in January supported by the re-opening of China, falling energy prices, moderating global inflation pressures, and expectations that central banks may soon pause their rate-hiking cycles. Mr. Lassen noted that

US equities improved in January with small cap and growth companies outperforming large cap and value stocks.

c. 2023 Capital Markets Expectations:

Mr. Lassen informed the Board that Meketa provided the Committee with an overview of the 2023 capital market expectations, which are the inputs needed to determine the long-term risk and returns expectations for a portfolio. He noted capital market expectations serve as the starting point for determining the asset allocation. He also noted that Meketa uses calculated expected returns, standard deviations, and correlations for desired asset classes as inputs and then attempts to determine the optimal tradeoff between risk and return for the Fund's asset allocation. Mr. Lassen mentioned that Meketa will be presenting an asset allocation study at the next meeting which will include various options to potentially adjust the current asset allocation due to the changes in capital market expectations. Given the lower returns in 2022, Meketa advised that their expected returns have increased for nearly every asset class and they anticipate many investors may be able to take on less risk than they have over the past decade and still achieve their target return.

The Board briefly discussed the change in the capital market expectations and the potential impact they will have on the asset allocations study and options.

d. Quarterly Review- December 31,2022:

Mr. Lassen informed the Board that Meketa reviewed the December 31, 2022 quarterly report with the Committee. He noted that though the quarter ended a very tough year, most asset classes posted gains in the fourth quarter on signs that policy tightening would slow given cooling inflation. Mr. Lassen noted the Pension Fund was up 6.8% net of fees over the quarter, with developed markets being the best performing asset class returning 17.3%. He also noted that OPEB fund was up 6.2% net of fees over the quarter and the international developed markets were at 17.1% and the LODA fund returned 6.6% net of fees over the quarter with international equity performing the best at 14.7%.

4. Committee on Administration:

The Committee did not meet.

5. Benefits and Welfare Committee:

The Committee did not meet.

6. Disability Committee:

The Committee did not meet.

7. Old Business:

There was no old business to discuss.

8. New Business:

There was no new business.

9 Citizen Comments on Matters Germane to the Business of the Retirement Board

Mr. Jones, a current retiree, provided the Board with an article regarding cryptocurrency and blockchain technology and communicated his concern with these types of investments. Staff advised Mr. Jones that the Fund does not currently have any direct cryptocurrency or blockchain investments and that these investments were not under consideration at this time.

10 Next Meeting:

- a. The next Board meeting will be held on Thursday, March, 2023 in the EDA Board Room, City Center at 9:00 a.m.

11 Adjournment:

- a. There being no further business to come before the Board, the meeting adjourned at 9:31 a.m.

A true copy, attest:



Susan Goodwin, Secretary
Board of Trustees